

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SPANISH)	
COVE SANITATION SYSTEM, INC.)	
FOR AN ADJUSTMENT OF RATES)	CASE NO. 96-266
PURSUANT TO THE ALTERNATIVE)	
RATE FILING PROCEDURES FOR)	
SMALL UTILITIES)	

O R D E R

On July 29, 1996, Spanish Cove Sanitation System, Inc. ("Spanish Cove") filed an application for Commission approval of a proposed increase in its rates for sewer service. Spanish Cove's proposed rates for sewer service would generate additional annual revenues of \$19,036, an increase of 45.1 percent above test-year revenues. A commercial customer, B. Klean II, requested and was granted intervention in this case.

Commission Staff conducted a field review of Spanish Cove's test-period financial records. Based upon this review, Commission Staff issued a report on March 18, 1997, recommending an increase of \$3,399 in Spanish Cove's annual operating revenues for sewer service.

By Order dated March 18, 1997, the Commission advised Spanish Cove and the Intervenor that comments on the Staff Report or requests for a public hearing must be submitted no later than April 2, 1997 or this case would stand submitted to the Commission for decision. B. Klean II filed its comments accepting the Staff Report on April 2, 1997. Spanish Cove filed its comments on April 9, 1997 and requested an informal conference which was held April 15, 1997. Counsel for Spanish Cove notified

Commission Staff on April 16, 1997 that the utility would accept Staff's Report and waive its right to a hearing.

The Commission, after consideration of the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A are the fair, just, and reasonable rates for Spanish Cove and will produce gross annual revenues of \$45,628 for sewer service based on adjusted test year sales. These rates will allow Spanish Cove sufficient revenues to meet its operating expenses and provide for future equity growth.

3. The rates proposed by Spanish Cove would produce revenue increases in excess of that found reasonable herein and should be denied.

IT IS THEREFORE ORDERED that:

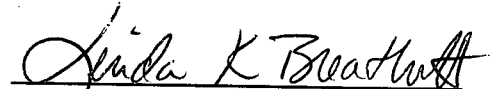
1. The rates proposed by Spanish Cove in its application are hereby denied.

2. The rates in Appendix A are approved for service rendered by Spanish Cove on and after the date of this Order.

3. Within 30 days of the date of this Order, Spanish Cove shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 21st day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-266 DATED APRIL 21, 1997

The following rates and charges are prescribed for the customers in the area served by Spanish Cove Sanitation System, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Monthly Rates:

Residential	\$14.94	
Apartments	11.21	Per Unit
Commercial	14.94	Per R.E. ¹

¹ A residential equivalent is defined as 12,000 gallons or fraction thereof. The commercial rate equals the residential rate times the number of residential equivalents used.